

Agency Activity Inventory by Agency

Appropriation Period: 2005-07 Activity Version: Governor Gregoire's 05-07 Proposal

Agency: 160 - Office of Insurance Commissioner

Agency Administration

The Office of the Insurance Commissioner (OIC) is responsible for regulating the insurance industry in Washington State. The activities of OIC are primarily funded by fees from insurance organizations. Agency management develops policies, regulations, and codes to ensure that the citizens of Washington are able to access affordable insurance; it also provides the administrative support necessary for other divisions within the office to carry out their functions. (Insurance Commissioner's Regulatory-State)

Statewide Result Area: Improve the economic vitality of businesses and individuals

Category: Provide consumer protection

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$3,935,000	\$0	\$3,935,000	37.5	\$3,242,000	\$0	\$3,242,000	38.0

Expected Results:

To provide executive and administrative services in support of the agency's mission in a professional, qualitative, and responsive manner which emphasizes efficiency and cost-effectiveness.

Monitoring Insurance Company Solvency

This activity protects consumers by monitoring the solvency of insurance carriers, health care service contractors, health maintenance organizations, and certified health plans authorized to conduct business in Washington State. Solvency issues may be identified through market conduct examinations, financial examinations, or financial analysis of statements filed by insurers. If increased monitoring activity and insurer's response to that activity do not result in an improvement of the solvency issues, the Insurance Commissioner may petition the Superior Court for a rehabilitation order. Upon entry of a rehabilitation order, the insurer's management is suspended, and the Insurance Commissioner and his/her staff, as officers of the court, manage the insurer's operations. If rehabilitation is deemed unlikely, the court may order the insurer liquidated. The Insurance Commissioner continues to manage the operations of the insurer until liquidation is complete. (Insurance Commissioner's Regulatory-State)

Statewide Result Area: Improve the economic vitality of businesses and individuals

Category: Provide consumer protection

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$5,267,000	\$0	\$5,267,000	56.8	\$5,152,000	\$0	\$5,152,000	56.4

Expected Results:

In addition to the financial and market conduct examinations completed, the Company Supervision staff also completes 540 detailed desk examinations of quarterly, annual, and supplemental financial statements, and reviews 96 monthly statements filed by domestic insurers; reviews cursory quarterly review of statements filed by almost 1,400 foreign insurers; and reviews intermediate quarterly statements filed by 270 financially distressed foreign insurers. This activity also contributes to the recovery for consumers measure listed with the Investigations and Enforcement activity.

Output Measure: Number of financial and market conduct examinations of insurers completed.

FY02 Actual	FY03 Actual	FY04 Actual	FY05 Estimate	FY06 Proposed	FY07 Proposed
12	16	18	54	51	43

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Investigations and Enforcement

Staff investigates and acts upon violations of laws and rules regarding sales and marketing practices, account standards, and related matters. Staff also assists consumers with problems involving insurance sales or marketing practices by agents, brokers, or insurers. (Insurance Commissioner's Regulatory-State)

Statewide Result Area: Improve the economic vitality of businesses and individuals

Category: Provide consumer protection

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$1,109,000	\$0	\$1,109,000	11.0	\$982,000	\$0	\$982,000	11.0

Expected Results:

Outcome Measure: Amount recovered for consumers as a result of OIC intervention.

FY02 Actual	FY03 Actual	FY04 Actual	FY05 Estimate	FY06 Proposed	FY07 Proposed
\$13,799,724	\$18,038,411	\$17,176,843	\$12,050,000	\$12,075,000	\$12,035,000

Output Measure: Number of investigations and financial examinations of insurance agents and brokers completed.

FY02 Actual	FY03 Actual	FY04 Actual	FY05 Estimate	FY06 Proposed	FY07 Proposed
551	651	836	600	600	600

Consumer Information and Advocacy

Staff responds to oral and written complaints and inquiries from consumers regarding insurance companies, and acts as an advocate when appropriate. Assistance is rendered to enforce the various provisions of the insurance code and is based on authority to take disciplinary action against an insurance company and other licensees. The unit's primary function is to ensure that consumer rights have not been violated. Staff also provides information to help consumers make educated decisions about insurance purchases. (Insurance Commissioner's Regulatory-State)

Statewide Result Area: Improve the economic vitality of businesses and individuals

Category: Provide consumer protection

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$2,327,000	\$0	\$2,327,000	26.5	\$2,056,000	\$0	\$2,056,000	26.5

Expected Results:

This activity also contributes to the recovery for consumers measure listed with the Investigations and Enforcement activity.

Output Measure: Number of insurance consumer inquiries received and answered by the Office of the Insurance Commissioner

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FY02 Actual 194,161	FY03 Actual 207,934	FY04 Actual 220,638	FY05 Estimate 245,000	FY06 Proposed 218,000	FY07 Proposed 218,000
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Health Insurance Benefit Advisors

The Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine is a statewide network of trained volunteers who educate, assist, and advocate for consumers regarding health insurance and health care access issues. (Insurance Commissioner's Regulatory-State)

Statewide Result Area: Improve the health of Washington citizens

Category: Provide consumer protection

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$1,788,000	\$0	\$1,788,000	16.0	\$1,969,000	\$0	\$1,969,000	16.0

Expected Results:

SHIBA HelpLine staff and volunteers receive and answer over 100,000 inquiries per year targeting low-income populations that are least likely to approach the OIC directly. This activity also contributes to the consumer inquiries measure listed with the Consumer Information and Advocacy activity.

Policy and Enforcement

Staff handles enforcement actions against insurance companies, health carriers, and others; provides information and counsel to other agency divisions; and supports the public policy activities of the agency. (Insurance Commissioner's Regulatory-State)

Statewide Result Area: Improve the economic vitality of businesses and individuals

Category: Provide consumer protection

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$2,164,000	\$0	\$2,164,000	17.5	\$1,789,000	\$0	\$1,789,000	18.5

Expected Results:

Output Measure: Number of enforcement actions and compliance plans issued against authorized insurers.

FY02 Actual 59	FY03 Actual 50	FY04 Actual 31	FY05 Estimate 36	FY06 Proposed 48	FY07 Proposed 48
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Output Measure: Number of investigations of suspected illegal insurance entities completed.

FY02 Actual 0	FY03 Actual 19	FY04 Actual 36	FY05 Estimate 40	FY06 Proposed 80	FY07 Proposed 80
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Agents and Brokers Licensing and Education

Staff involved in this activity issues and renews licenses for agents, brokers, solicitors, adjusters, viatical settlement brokers, and others. Staff also administers continuing education requirements. (Insurance Commissioner's Regulatory-State)

Statewide Result Area: Improve the economic vitality of businesses and individuals

Category: Provide consumer protection

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$900,000	\$0	\$900,000	12.0	\$794,000	\$0	\$794,000	12.0

Expected Results:

Output Measure: Number of licenses and appointments issued for insurance agents and brokers licenses.

FY02 Actual	FY03 Actual	FY04 Actual	FY05 Estimate	FY06 Proposed	FY07 Proposed
285,629	283,962	308,213	298,453	304,422	310,510

Regulation of Insurance Rates and Forms

Staff reviews and approves the complex actuarial formulas, assumptions, and experience data submitted as part of a proposed rate filing to ensure rates are neither excessive, inadequate, nor unfairly discriminatory. Timely and accurate review is necessary to ensure the financial viability of the insurance company, as well as protecting Washington citizens from overcharges. Policy forms are reviewed to ensure that the terms and conditions of the insurance contract comply with state and federal laws prior to sale in Washington. (Insurance Commissioner's Regulatory-State)

Statewide Result Area: Improve the economic vitality of businesses and individuals

Category: Provide consumer protection

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$2,980,000	\$0	\$2,980,000	29.1	\$2,711,000	\$0	\$2,711,000	29.0

Expected Results:

Rates and Forms staff reviews approximately 8,500 rate filings and 10,000 form filings per year.

Efficiency Measure: Average number of days required to finalize the filing review process for insurance rate and form filings.

FY02 Actual	FY03 Actual	FY04 Actual	FY05 Estimate	FY06 Proposed	FY07 Proposed
37	36	34	30	30	30

Compensation Cost Adjustment

This item reflects proposed compensation and benefit cost adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.

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Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Human resources support for government agencies

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$415,000	\$0	\$415,000	0.0	\$416,000	\$0	\$416,000	0.0

Middle Management Reduction

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount. These savings will be assigned to the appropriate activities after the budget is enacted.

Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Human resources support for government agencies

FY 2006				FY 2007			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$(80,000)	\$0	\$(80,000)	(1.5)	\$(232,000)	\$0	\$(232,000)	(4.2)